Western Area Power Administration
Colorado River Storage Project Management Center
Request for Information (RFI)
Regarding the Purchase of Renewable Electrical Energy

1 Background

Western and the Salt Lake City Area Integrated Projects (SLCA/IP) - The Western Area Power Administration (Western) is a power marketing administration within the U.S. Department of Energy. Western's mission is to sell and deliver electricity from certain Federal water-project power plants, principally owned by the Bureau of Reclamation. Western's Colorado River Storage Project Management Center (CRSP MC) markets power from the Colorado River Storage Project (CRSP) and other projects. Western also has various Inter-agency agreements with the U. S. Department of Energy, National Nuclear Security Administration Service Center (NNSA) and the U. S. Air Force to supply the electrical requirements of Sandia National Laboratories (SNL) and Kirtland Air Force Base (KAFB), located near Albuquerque, New Mexico, and of the Los Alamos National Laboratory (LANL), located at Los Alamos, New Mexico. Through this RFI, Western is seeking sources of non-hydroelectric renewable energy generated from solar, geothermal, biomass, and/or wind technologies to supply up to 7 ½% of electric energy requirements of these NNSA/Air Force facilities.

Western owns and operates transmission facilities that connect SLCA/IP power resources to regional load centers and contracts for transmission capacity on the systems of other regional utilities. By using these facilities, the CRSP MC is able to deliver contracted firm power to customers as well as purchase, sell, and exchange power with other regional utilities in Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming.

The CRSP MC is requesting information regarding options to supply non-hydroelectric renewable energy to be delivered to Public Service Company of New Mexico (PNM) for redelivery to SNL/KAFB and LANL facilities. Owners and/or marketers of renewable resources located in New Mexico and/or neighboring states are encouraged to respond.

2 Desired Resource Characteristics

2.1 **Amount of Power** - Approximately 54 GWh is required annually. Of this amount approximately 26 GWH annually is required for SNL/KAFB facilities located near Albuquerque, NM and approximately 28 GWh annually is required for the LANL facilities located at Los Alamos, NM.

2.2 **Types of Resources Considered** - Energy will be considered from existing resources as well as from future resources that are committed to become operational during the period of consideration. The CRSP MC will consider only sources of non-hydroelectric renewable energy supplies for this RFI that meet the requirements of DOE Order 430.2A.

Renewable energy electrical generators located on Kirtland AFB, NM may be considered if and only if all of the electric power generated is consumed within the base boundaries. Respondents will be required to obtain all permits and easements.

2.3 **Full/Partial/ Renewable Energy Requirements** - The CRSP MC is interested in receiving responses from non-hydroelectric renewable energy providers that could supply in part, or in total, the approximate 54 GWh requirement.

3 **Evaluation Criteria** - The following criteria are used by Western to evaluate the suitability of resources. Respondents may wish to address these criteria in their responses.

3.1.1 **Cost** - The total delivered cost per megawatt hour (MWh) for delivery to the PNM transmission system, taking into account capacity charges, energy charges, on-peak and off-peak pricing, escalation factors, ancillary service charges, transmission costs, administrative costs, and any other charges included in the response. Western has a network transmission service contract with PNM, which will be used to redeliver power to SNL/KAFB and Air Force Facilities. Los Alamos County (LAC) has a separate network transmission service contract with PNM, which will be used to redeliver power to LANL. Western and LAC will be responsible for the transmission service and ancillary service costs on PNM's transmission system.

Respondents should include a description of the proposed resource, scheduling restrictions and requirements, term, conditions on term extension or cancellation, and pricing terms (basic rates and charges, escalation factors, adjustment factors, penalties for failure to deliver, rates/escalation for term extension).

Respondents proposing non-dispatchable resources should provide the CRSP MC with an estimated generation profile on a daily/weekly/seasonal/annual basis, as appropriate to the particular generating resource(s) described.

3.1.2 **Environmental Impact** - The environmental impact of the generating resource(s), based on technology used to generate the power, and compliance with applicable environmental regulations.

Respondents should consider supplying information about the technology, type of renewable energy source, generating efficiency, and compliance with applicable environmental regulations for the generating resource(s) proposed. Respondents proposing a variety of resources and technologies should consider including the requested information about each resource and technology type where possible, and the approximate percent contribution of each to the total resources proposed.

3.1.3 **Dependability** - Generating resource(s) dependability, based on forced outage rates, scheduled maintenance outages, and the dependability of the transmission system involved

in delivering the power.

Respondents should specify the generating unit(s) or system(s) supplying the power and consider providing information about the historical dependability of the generating resource(s) using industry standard measures such as capacity factor and forced outage rates, or to provide typical outage rates for similar generating facilities of the same manufacturer, owner, technology, age, and type.

3.2 Transmission Availability and Transmission System Loading

3.2.1 **Transmission Availability** - The availability of transmission capacity between the resource offered and PNM Transmission System adequate to deliver the resource and reliance on transmission system additions and upgrades and other transmission costs to provide the transmission capacity needed for delivery.

Respondents should provide information about the transmission path(s), terms of third party transmission agreements, and procedures for curtailing deliveries.

3.2.2 **Transmission Service to Delivery Points -** Respondents will be responsible for arranging the use and associated costs of additional facilities, if any, needed to deliver energy to the PNM transmission system. Western and LAC have network transmission service contracts with PNM under which will be used to transmit energy to the SNL/KAFB and LANL facilities.

3.3 **Dispatchability** – Respondents should describe the ability of the proposed generating resource(s) to respond to changes in customer load or to schedules by the CRSP MC. Respondents should also describe the flexibility of the resource to deliver less energy than the maximum amounts in Section 2.1, due to power system conditions.

3.4 **Risk and Supplier Responsibility** – Respondents should describe the risk that the supplier will be unable to deliver the required amounts of capacity and energy, or lacks the financial resources to be able to continue operating for the entire time period proposed.

Respondents may wish to address both their financial stability and their operating capability by providing information such as: annual reports, Securities and Exchange Commission 10-K and FERC Form 1 reports (where applicable), audited financial statements including income statements and balance sheets, bond ratings, evidence of required licenses, FERC approval to sell power at market-based rates (where applicable), accreditations and certifications, and information on relevant regulatory oversight.

3.5 **Diversity** – Respondents should discuss the possibility that the failure of a single generating unit or transmission facility will interrupt power delivery. Also, the respondents should address the possibility that future environmental or other regulations will increase the cost of generation and make it uneconomic.

Respondents should consider including information about resource diversity, such as whether the resources are system resources or unit resources.

3.6 **Delivery Points** - The Federal loads are located in the Albuquerque, NM and Los Alamos, NM area. Preferred delivery points for power are at Four Corners 230 kV bus, Shiprock 230 kV bus, San Juan 230-kV bus, West Mesa 230 kV bus, or at any point on Public Service Company of New Mexico's transmission system. The CRSP MC may consider other delivery points if transmission availability and cost are such that the resulting resource is cost competitive.

4 Legal and Regulatory Issues

Department of Energy National Environmental Policy Act Compliance - If the CRSP MC were to contract for resources that have yet to be constructed, it would first be required to consider the potential environmental impacts of constructing and operating the resource as required by the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 *et seq*.) and the Department of Energy NEPA Implementing Procedures (40 CFR 1021).

5 **Timeframe** - The CRSP MC is interested in committed resources that would be available for up to a 10- year period, with initial deliveries beginning on or before June 1, 2004.

6 Process and Timing

6.1 **Process** - The CRSP MC will evaluate all responses received and inform its customer of pertinent characteristic of the resources.

6.2 **Timing** - Responses should be received in the CRSP MC by September 12, 2003 at 5:00 p.m. MDT to be considered in our evaluation.

6.2.1 **Notification** - The CRSP MC will provide an acknowledgment to all responses received. We may seek additional information or clarification to individual responses as needed.

6.3 **Submission of Responses** - The CRSP MC will accept responses that are e-mailed, mailed or faxed. The address of the CRSP Management Center is:

Western Area Power Administration
CRSP MC, Attn.: L6440
P.O. Box 11606
Salt Lake City, UT 84147-0606

Responses can be faxed to the CRSP MC at (801) 524-5017, attention L6440. Offers should be received in the CRSP MC by 5:00 p.m. MDT, September 12, 2003. Questions

about this RFI can be submitted to the same address, e-mailed to the CRSP MC at the address loftin@wapa.gov, or by telephone to Sam Loftin at (801) 524-6381.

6.4 **Use of Information in Offers** - The CRSP MC will provide information to the customer about the supplier, cost, terms, and conditions of the resources. The CRSP MC will not divulge identifying information in responses to others not involved in this RFI process, but may supply general information about the responses received to other SLCA/IP customers or Western employees if requested. The CRSP MC may choose to pursue other resource needs unrelated to the requirements described in this RFI based on the responses received.

6.5 **Confidentiality** - If respondents do not wish to have part or all of the information in their offer available to the public, indicate that by marking the sensitive sections of the response "Confidential."

7 **Documentation submitted by Respondent** - Responses should include information about the respondent submitting the proposal. Respondents should consider providing the information requested in Sections 2 and 3 in their responses. Including extraneous information in responses that is not requested in the RFI is discouraged.